

<i>SERFF Tracking Number:</i>	<i>PPIC-125862978</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Preferred Professional Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>AR-PS-08-02</i>		
<i>TOI:</i>	<i>11.1 Medical Malpractice - Claims Made Only</i>	<i>Sub-TOI:</i>	<i>11.1000 Med Mal Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>Physicians &amp; Surgeons Professional Liability</i>		
<i>Project Name/Number:</i>	<i>/</i>		

## Filing at a Glance

Company: Preferred Professional Insurance Company

Product Name: Physicians & Surgeons      SERFF Tr Num: PPIC-125862978      State: Arkansas

Professional Liability

TOI: 11.1 Medical Malpractice - Claims Made      SERFF Status: Closed      State Tr Num: EFT \$100

Only

Sub-TOI: 11.1000 Med Mal Sub-TOI      Co Tr Num: AR-PS-08-02      State Status: Fees verified and received

Combinations      Co Status:      Reviewer(s): Betty Montesi, Edith Roberts

Filing Type: Rate      Author: Denise Hill      Disposition Date: 11/25/2008

Date Submitted: 10/17/2008      Disposition Status: Filed

Effective Date Requested (New): 01/01/2009      Effective Date (New):

Effective Date Requested (Renewal): 01/01/2009      Effective Date (Renewal):

State Filing Description:

Not rate filing, but class plan changes. No rate change generated....rating neutral. No MMSurvey required.

## General Information

Project Name:      Status of Filing in Domicile: Not Filed

Project Number:      Domicile Status Comments:

Reference Organization: N/A      Reference Number: N/A

Reference Title: N/A      Advisory Org. Circular: N/A

Filing Status Changed: 11/25/2008

State Status Changed: 11/25/2008      Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

This filing is being submitted on behalf of Preferred Professional Insurance Company (PPIC) to be effective January 1, 2009. PPIC is making a rate filing for physicians and surgeons professional liability. This filing proposes changes in our class plan relativities and provides the supporting data used in developing the revised relativities. Thank you for your consideration of our filing.

SERFF Tracking Number: PPIC-125862978 State: Arkansas  
Filing Company: Preferred Professional Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: AR-PS-08-02  
TOI: 11.1 Medical Malpractice - Claims Made Only Sub-TOI: 11.1000 Med Mal Sub-TOI Combinations  
Product Name: Physicians & Surgeons Professional Liability  
Project Name/Number: /

## Company and Contact

### Filing Contact Information

Denise Hill, Corporate Compliance Officer earrigan@ppicins.com  
11605 Miracle Hill Drive (800) 441-7742 [Phone]  
Omaha, NE 68154 (402) 392-2673[FAX]

### Filing Company Information

Preferred Professional Insurance Company CoCode: 36234 State of Domicile: Nebraska  
11605 Miracle Hills Drive Group Code: Company Type: P & C  
Suite 200  
Omaha, NE 68154-4467 Group Name: State ID Number:  
(800) 441-7742 ext. 240[Phone] FEIN Number: 47-0580977  
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## Filing Fees

Fee Required? Yes  
Fee Amount: \$100.00  
Retaliatory? No  
Fee Explanation: \$100.00 for rate filing.  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Preferred Professional Insurance Company	\$100.00	10/17/2008	23257309

SERFF Tracking Number: PPIC-125862978 State: Arkansas  
Filing Company: Preferred Professional Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: AR-PS-08-02  
TOI: 11.1 Medical Malpractice - Claims Made Only Sub-TOI: 11.1000 Med Mal Sub-TOI Combinations  
Product Name: Physicians & Surgeons Professional Liability  
Project Name/Number: /

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	11/25/2008	11/25/2008

SERFF Tracking Number:	PPIC-125862978	State:	Arkansas
Filing Company:	Preferred Professional Insurance Company	State Tracking Number:	EFT \$100
Company Tracking Number:	AR-PS-08-02		
TOI:	11.1 Medical Malpractice - Claims Made Only	Sub-TOI:	11.1000 Med Mal Sub-TOI Combinations
Product Name:	Physicians & Surgeons Professional Liability		
Project Name/Number:	/		

## Disposition

Disposition Date: 11/25/2008

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Preferred Professional Insurance Company	0.000%	\$0	9	\$319,190	%	%	0.000%

SERFF Tracking Number: PPIC-125862978 State: Arkansas

Filing Company: Preferred Professional Insurance Company State Tracking Number: EFT \$100

Company Tracking Number: AR-PS-08-02

TOI: 11.1 Medical Malpractice - Claims Made Only Sub-TOI: 11.1000 Med Mal Sub-TOI Combinations

Product Name: Physicians & Surgeons Professional Liability

Project Name/Number: /

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Form PROMAL	Filed	Yes
Supporting Document	Form PRONOT	Filed	Yes
Supporting Document	Actuarial Support	Filed	Yes

SERFF Tracking Number:	PPIC-125862978	State:	Arkansas
Filing Company:	Preferred Professional Insurance Company	State Tracking Number:	EFT \$100
Company Tracking Number:	AR-PS-08-02		
TOI:	11.1 Medical Malpractice - Claims Made Only	Sub-TOI:	11.1000 Med Mal Sub-TOI Combinations
Product Name:	Physicians & Surgeons Professional Liability		
Project Name/Number:	/		

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	File & Use
<b>Rate Change Type:</b>	Neutral
<b>Overall Percentage of Last Rate Revision:</b>	100.000%
<b>Effective Date of Last Rate Revision:</b>	09/01/2004
<b>Filing Method of Last Filing:</b>	File & Use

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Preferred Professional Insurance Company	0.000%	0.000%	\$0	9	\$319,190	%	%

SERFF Tracking Number:	PPIC-125862978	State:	Arkansas
Filing Company:	Preferred Professional Insurance Company	State Tracking Number:	EFT \$100
Company Tracking Number:	AR-PS-08-02		
TOI:	11.1 Medical Malpractice - Claims Made Only	Sub-TOI:	11.1000 Med Mal Sub-TOI Combinations
Product Name:	Physicians & Surgeons Professional Liability		
Project Name/Number:	/		

## Supporting Document Schedules

<b>Satisfied -Name:</b>	Uniform Transmittal Document-Property & Casualty	<b>Review Status:</b>	Filed	11/25/2008
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**Comments:**

**Attachment:**

P&C Transmittal Form.pdf

<b>Bypassed -Name:</b>	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	<b>Review Status:</b>	Filed	11/25/2008
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**Bypass Reason:** Not Applicable.

**Comments:**

<b>Bypassed -Name:</b>	NAIC loss cost data entry document	<b>Review Status:</b>	Filed	11/25/2008
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**Bypass Reason:** Not Applicable.

**Comments:**

<b>Bypassed -Name:</b>	Form PROMAL	<b>Review Status:</b>	Filed	11/25/2008
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**Bypass Reason:** We are not increasing our rates.

**Comments:**

<b>Bypassed -Name:</b>	Form PRONOT	<b>Review Status:</b>	Filed	11/25/2008
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**Bypass Reason:** We are not increasing our rates.

**Comments:**

<b>Satisfied -Name:</b>	Actuarial Support	<b>Review Status:</b>	Filed	11/25/2008
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**Comments:**

**Attachment:**

<i>SERFF Tracking Number:</i>	<i>PPIC-125862978</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Preferred Professional Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>AR-PS-08-02</i>		
<i>TOI:</i>	<i>11.1 Medical Malpractice - Claims Made Only</i>	<i>Sub-TOI:</i>	<i>11.1000 Med Mal Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>Physicians &amp; Surgeons Professional Liability</i>		
<i>Project Name/Number:</i>	<i>/</i>		

Tillinghast Support - 2009 Rates.pdf





## Property &amp; Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b>	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

<b>3. Group Name</b>					<b>Group NAIC #</b>
<b>4. Company Name(s)</b>	<b>Domicile</b>	<b>NAIC #</b>	<b>FEIN #</b>	<b>State #</b>	

<b>5. Company Tracking Number</b>	
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

<b>6. Name and address</b>	<b>Title</b>	<b>Telephone #s</b>	<b>FAX #</b>	<b>e-mail</b>
<b>7. Signature of authorized filer</b>				
<b>8. Please print name of authorized filer</b>				

Filing information (see General Instructions for descriptions of these fields)

<b>9. Type of Insurance (TOI)</b>				
<b>10. Sub-Type of Insurance (Sub-TOI)</b>				
<b>11. State Specific Product code(s)(if applicable)[See State Specific Requirements]</b>				
<b>12. Company Program Title (Marketing title)</b>				
<b>13. Filing Type</b>	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)			
<b>14. Effective Date(s) Requested</b>	New:		Renewal:	
<b>15. Reference Filing?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No			
<b>16. Reference Organization (if applicable)</b>				
<b>17. Reference Organization # &amp; Title</b>				
<b>18. Company's Date of Filing</b>				
<b>19. Status of filing in domicile</b>	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved			

## Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	
21.	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]	

<b>22.</b>	<b>Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.	

\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

**RATE/RULE FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	
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<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	
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☐ Rate Increase      ☐ Rate Decrease      ☐ Rate Neutral (0%)

<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
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<b>4a.</b>	<b>Rate Change by Company (As Proposed)</b>
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

<b>4b.</b>	<b>Rate Change by Company (As Accepted) For State Use Only</b>
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

<b>5.</b>	<b>Overall Rate Information (Complete for Multiple Company Filings only)</b>
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		COMPANY USE	STATE USE
<b>5a</b>	<b>Overall percentage rate indication (when applicable)</b>		
<b>5b</b>	<b>Overall percentage rate impact for this filing</b>		
<b>5c</b>	<b>Effect of Rate Filing – Written premium change for this program</b>		
<b>5d</b>	<b>Effect of Rate Filing – Number of policyholders affected</b>		

<b>6.</b>	<b>Overall percentage of last rate revision</b>	
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<b>7.</b>	<b>Effective Date of last rate revision</b>	
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<b>8.</b>	<b>Filing Method of Last filing (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
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<b>9.</b>	<b>Rule # or Page # Submitted for Review</b>	<b>Replacement or withdrawn?</b>	<b>Previous state filing number, if required by state</b>
01		[ ] New [ ] Replacement [ ] Withdrawn	
02		[ ] New [ ] Replacement [ ] Withdrawn	
03		[ ] New [ ] Replacement [ ] Withdrawn	

October 8, 2008

Mr. Mel Epstein  
Senior Vice President & Chief Operating Officer  
Preferred Professional Insurance Company  
11605 Miracle Hills Drive, Suite 200  
Omaha, Nebraska 68154-4467

Dear Mr. Epstein:

ARKANSAS PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY RATES

Attached is a filing memorandum for physicians and surgeons professional liability rates in Arkansas. This letter and attached filing memorandum describe the changes in class plan relativities and supporting data used in developing the revised relativities.

These revised rates are provided for the internal use of Preferred Professional Insurance Company ("PPIC") management in determining appropriate rates. The filing memorandum may also be filed with the Arkansas Insurance Department as needed to support PPIC's proposed rates. No further distribution or use of this letter or filing memorandum is permitted without Towers Perrin's prior written approval.

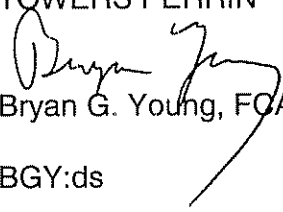
In performing our analysis, we relied without audit or verification upon the data provided by PPIC.

I, Bryan G. Young, am a member of the American Academy of Actuaries, and I meet its qualification standards for preparing this letter.

Because of the uncertainties underlying medical malpractice rates, there can be no guarantee that the rates selected will prove to be adequate or not excessive. We believe, however, that the methods used are reasonable in the current circumstances. If you have any questions, please call.

Sincerely,

TOWERS PERRIN



Bryan G. Young, FCAS, MAAA

BGY:ds

Direct Dial: 404-365-1635

**PREFERRED PROFESSIONAL INSURANCE COMPANY**  
**Physicians and Surgeons Professional Liability Rate Filing**

This memorandum and attached exhibits present support for the physicians and surgeons professional liability revised class plan effective January 1, 2009 in Arkansas, for Preferred Professional Insurance Company ("PPIC"). The class plan changes are anticipated to produce no change in overall rate level.

Exhibit D, Sheets 1, contain the current maturity factors. Exhibit D, Sheet 2 contains the territory relativities.

Indicated, current and revised class relativities are shown on Exhibit C. The current base rate is then adjusted so the overall financial impact of the revised class relativities is zero.

These selected rating factors are applied to the indicated base rate to calculate the extended reporting endorsement rates on Exhibit B and claims-made rates on Exhibit A.

**PREFERRED PROFESSIONAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Claims-Made Rates  
\$100,000 / \$300,000 Limits  
Arkansas  
Entire State

<u>Class</u>	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>	<u>4th Year</u>	<u>Mature</u>
1A	\$563	\$1,220	\$1,901	\$2,159	\$2,346
1	704	1,525	2,376	2,698	2,933
2	1,056	2,288	3,563	4,047	4,399
3	1,302	2,821	4,395	4,992	5,426
4	1,795	3,889	6,058	6,881	7,479
5A	985	2,135	3,326	3,778	4,106
5	2,534	5,490	8,552	9,714	10,558
6	2,992	6,482	10,097	11,468	12,465
7	4,012	8,693	13,541	15,380	16,718
8	5,631	12,201	19,005	21,586	23,463

**PREFERRED PROFESSIONAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Claims-Made Rates  
\$100,000 / \$300,000 Limits  
Arkansas

Notes for Exhibit A Sheet 1

Rates are calculated as.

Class 1 Rate at \$100,000 / \$300,000 Limits (Exhibit C) x

Class Relativity (Exhibit C) x

Claims-Made Factor (Exhibit D, Sheet 1) x

Territory Factor (Exhibit D, Sheet 2)



**PREFERRED PROFESSIONAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Extended Reporting Endorsement Rates  
\$100,000 / \$300,000 Limits  
Arkansas  
Entire State

Class	Years Retroactive Date Precedes Policy Expiration Date							
	0.5	1	1.5	2	2.5	3	3.5	4+
1A	\$1,063	\$1,931	\$2,532	\$3,130	\$3,376	\$3,620	\$3,726	\$3,832
1	1,329	2,414	3,165	3,912	4,220	4,525	4,657	4,789
2	1,993	3,621	4,747	5,869	6,331	6,788	6,986	7,184
3	2,458	4,465	5,855	7,238	7,808	8,372	8,616	8,860
4	3,388	6,155	8,070	9,977	10,762	11,540	11,876	12,213
5A	1,860	3,379	4,430	5,477	5,909	6,336	6,520	6,705
5	4,783	8,690	11,393	14,085	15,194	16,292	16,767	17,242
6	5,647	10,259	13,450	16,628	17,937	19,233	19,794	20,355
7	7,573	13,759	18,038	22,301	24,057	25,795	26,547	27,300
8	10,629	19,310	25,317	31,300	33,764	36,204	37,260	38,315

**PREFERRED PROFESSIONAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Extended Reporting Endorsement Rates  
\$100,000 / \$300,000 Limits  
Arkansas

Notes for Exhibit B Sheet 1

Rates are calculated as:

Class 1 Rate at \$100,000 / \$300,000 Limits (Exhibit C) x

Class Relativity (Exhibit C) x

Extended Reporting Endorsement Factor (Exhibit D, Sheet 1) x

Territory Factor (Exhibit D, Sheet 2)

**PREFERRED PROFESSIONAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Class Plan Indications  
Selected Relativity Changes  
Arkansas

Class (1)	Earned Premium (2)	Reported Losses (3)	Loss Ratio (4)	Indication (5)	Current Exposure Distribution (6)	Current Relativity (7)	Industry Low (8)	Industry High (9)	Selected Relativity (10)	Balanced Change (11)
1A	\$5,838,045	\$4,453,143	76.3%	32.0%	3.5%	0.800	0.64	0.67	0.800	5.0%
1	87,709,277	66,097,282	75.4%	30.4%	50.3%	1.000	1.00	1.00	1.000	5.0%
2	31,011,632	22,862,575	73.7%	27.6%	16.1%	1.500	1.38	1.43	1.500	5.0%
3	13,694,556	4,745,499	34.7%	-40.0%	4.1%	1.960	1.85	1.94	1.850	-0.9%
4	41,984,868	20,045,360	47.7%	-17.4%	10.2%	2.700	2.07	2.21	2.550	-0.9%
5A	7,696,686	1,426,692	18.5%	-67.9%	2.0%	2.170	1.14	1.34	1.400	-32.3%
5	28,498,163	14,530,271	51.0%	-11.7%	5.0%	3.870	3.63	3.63	3.600	-2.4%
6	22,030,278	7,521,664	34.1%	-40.9%	3.2%	5.030	3.92	4.00	4.250	-11.3%
7	36,832,174	19,531,793	53.0%	-8.2%	4.7%	6.000	4.69	5.68	5.700	-0.3%
8	17,396,167	7,883,066	45.3%	-21.6%	1.0%	8.200	6.93	8.04	8.000	2.4%
Total	\$292,691,845	\$169,097,346	57.8%	0.0%	100.0%	1.889	1.653	1.744	1.799	0.0%
						(12) Indicated Off Balance				
						(13) Current Base Rate				
						(14) Revised Base Rate				

## Notes:

- (2),(3) Inception to date premium and losses for current PPIC insureds.  
 (4) (3)/(2).  
 (5) (4) divided by total (4) minus 1.000.  
 (6) Based on current premiums and relativities.  
 (7) Predominate relativity provided by PPIC.  
 (8), (9) Based on PIAA insurer data.  
 (11) (10)/(7)/(12) - 1.000.  
 (12) Total (10) divided by total (7).  
 (13) PPIC's current base rate  
 (14) (12)/(13).

**PREFERRED PROFESSIONAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Rating Factors  
Claims-Made and Extended Reporting Endorsement Factors  
Arkansas

(1) Claims-Made Factors

Years Retroactive Date Precedes Policy Expiration Date				
1	2	3	4	5 or more
0.240	0.520	0.810	0.920	1.000

(2) Extended Reporting Endorsement Factors

Years Retroactive Date Precedes Policy Expiration Date							
0.5	1	1.5	2	2.5	3	3.5	4+
0.453	0.823	1.079	1.334	1.439	1.543	1.588	1.633

Note: Provided by PPIC.

**PREFERRED PROFESSIONAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Rating Factors  
Territory Factors  
Arkansas

<u>Territory</u>	<u>Relativity</u>
Entire State	1.000

Note: Provided by PPIC.